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MUNICIPAL RECYCLING SUPPORT PROGRAM

GUIDE TO APPLICANTS



Environment
Ontario
Jim Bradley, Minister



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1 INTRODUCTION

This guide has been designed to assist you with the preparation of an application for funding under the Municipal Recycling Support Program. Please read it carefully before completing an application form. You are also encouraged to contact the Waste Management Branch for further information, clarification or advice regarding your application.

2 PROGRAM BACKGROUND

Communities in Ontario are faced with the ongoing task of operating an effective system to collect, handle and dispose of the waste produced by residents and businesses. This responsibility has become more challenging for municipalities. Public demand for environmental considerations, growth in waste quantities and diminishing disposal site capacity continues to stress the need for waste management strategies which are environmentally acceptable and reduce disposal site needs.

The Ministry of the Environment is committed to recycling as one means of meeting this challenge. This program is designed to support municipalities and others in the development and management of local recycling initiatives that will reduce waste disposal requirements and provide other environmental benefits to Ontario.

The Municipal Recycling Support Program stems from and enhances the Ministry's policies and programs begun in 1980 aimed at encouraging the development of source separation projects in Ontario. Applicants should be aware of a number of key principles that the Ministry has incorporated in this program.

- a) Municipalities must play a central role in the implementation and ongoing development of recycling. This follows from the responsibilities inherent in municipal waste management systems.
- b) The Ministry will only consider supporting applications which have adequate and reasonable commitments from markets for recovered materials. As a rule, recycling cannot be initiated or function properly without such commitments.
- c) The Ministry will encourage cost effectiveness in all projects it supports. Recycling systems must

operate within the framework of a complete waste management system in which cost effectiveness is an important factor.

- d) The Ministry will encourage multi-material projects as much as is practically possible. Many recyclable waste materials can contribute to overall waste diversion goals. Some materials like old newspaper, may contribute more to the viability of the recycling system than other materials because of the price available or because of particular material characteristics which make its recycling easier. Effective systems are able to balance individual strengths and weaknesses.
- e) The Ministry will share the costs of projects with Municipalities. Waste Management systems, including recycling, benefit primarily the local community which the system serves and therefore the local community must be prepared to commit the needed resources to realize the benefits. The Ministry's commitment stems from the recognition of benefits beyond the local community and risks beyond local control.

The grant components available under the Municipal Recycling Support Program are described in the following sections of this guide.

3 OPERATING COST GRANT

The Ministry will provide grants for up to 5 years per project to cover the net operating cost of a project up to a specified maximum percentage of eligible gross operating expenses.

3.1 Funding Formula

The following table illustrates the application of the formula in an example project. The circumstances for an actual project are highly site specific and will likely differ from this example.

		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Maximum % of Eligible Gross Expense		50	40	30	20	10
Gross Eligible Expense (\$)	100	100	100	100	100	100
Less Material Revenue (\$)	25	45	75	63	75	
Equals Net Cost (\$)	75	55	25	37	25	
Less Ministry Grant (\$)	50	40	25	20	10	
Equals Other Support Needed (\$)	25	15	0	17	15	

3.2 Rationale

Recycling projects incur expenses which are usually offset from 50 to 90 percent by revenues received for materials recovered and sold. The Ministry operating cost grant when added to material sales and other income will be sufficient for the average recycler to break even. Recyclers will have an incentive to minimize expenses and maximize material revenues to develop efficient projects.

As projects mature, the MOE's share of expenses is reduced to reflect improvements in efficiency and increases in recovery volumes. Municipalities would be

expected to provide any shortfalls if necessary through diversion credits or direct operating subsidies. This approach involves municipalities in the project at an early stage. Ministry funding is, therefore, startup or 'seed' money in a function which is a direct municipal responsibility.

3.3 Eligible Applicants

Responsibility for waste management rests with local municipalities and Regional municipalities. Recycling should be a component of municipal waste management systems and is therefore a municipal responsibility.

Municipalities have the flexibility to implement recycling projects in several ways:

- a) by acquiring the services of a contractor;
- b) by initiating a municipal project (i.e. using its own forces);
- c) by supporting the project of a local group or non-profit company;

Responsibility for waste management and flexibility of implementation, are reflected in the following eligibility criteria.

Regional Governments, local municipalities, a group of municipalities or non-profit organizations will be eligible for the Operating Cost Grant. In situations where a municipality has acquired the services of a contractor, either as part of a garbage collection contract, or as a separate recycling contract, the municipality is the only eligible applicant.

3.4 Eligible Operating Expenses

In general, grant funds will be provided to pay for direct costs incurred in the operation of a recycling project whose scope has been agreed to by the Ministry. Direct costs are defined as follows:

- a) Salaries and wages paid to employees for work done specifically related to the recycling project.
- b) Employee benefits paid in accordance with statutory requirements and other benefits normally paid by the applicant.
- c) Routine repair and maintenance expenses reasonably required to keep plant and equipment used specifically by the project in good working condition.

- d) Cost of materials, services, and supplies consumed or expended specifically for the recycling project. This includes utilities, telephone, postage, office supplies, taxes, licenses and insurance.
- e) Cost of services reasonably required specifically for the recycling project. This includes rental of plant and equipment, legal and accounting expenses.
- f) Other items of expense reasonably incurred specifically for the purpose of operating the recycling project.

3.5 Ineligible Operating Expenses

The following costs will be considered ineligible for purposes of the Ministry's grant and should not be included in the budgeting aspects of recycling project applications:

- a) Donations or gifts to any group, individual or organization.
- b) Contingency funds that are established for unforeseen events.
- c) Entertainment expenses for recreation or social activities.
- d) Fines or other costs incurred as a result of failing to comply with Federal, Provincial or local laws.
- e) Incentives, management fees, bonuses, diversion credits or other similar payments to contractors, agents, or operators.
- f) Any expense which does not have adequate documentation.
- g) Any indirect expense (e.g. staff or facilities) which would be incurred regardless of the existence of the recycling project.
- h) Depreciation on plant and equipment which has been subsidized under the Capital Cost Grant component or which is not directly used for the recycling project.
- i) Any capital costs as defined in Section 4.4.
- j) Prepaid expenses which extend beyond the five year limit of the program.

- k) Any expense which in the opinion of the Ministry is not necessary and reasonable.

3.6 Eligible Recycling Systems

To be eligible for an Operating Cost Grant the primary feature of a project must be that the waste generator separates the recyclables from the balance of the waste stream at the point of its generation such that subsequent processing is limited to handling or otherwise preparing the materials for a market requirement (e.g. sorting to specific grades, baling).

The basic methods used can be any combination of the following source separation techniques:

- a) curbside collection from households;
- b) drop off depot;
- c) buyback depot;

Experience to date indicates that curbside collection on the same day as regular garbage collection is the most effective approach.

3.7 Eligible Materials

Any material if normally generated as a waste by an average household is eligible. This includes but is not limited to:

- a) newspaper;
- b) glass containers;
- c) metal containers;
- d) plastics;
- e) organic material (leaves, food waste);
- f) tires;
- g) oil;
- h) cardboard;
- i) fine paper;
- j) other (upon Waste Management Branch approval).

3.8 Eligible Sources of Materials

Any source of waste is eligible but a substantial proportion must originate from sources normally handled by the municipality's collection system.

3.9 Application Procedure

- a) The applicant must submit an appropriate application form and feasibility proposal to the Waste Management Branch (WMB).
- b) WMB reviews the application and where appropriate seeks comments from the Recycling Advisory Committee.

- c) WMB prepares an agreement which specifies commitment level, expected results, conditions, etc.
- d) The agreement is executed by the Ministry and the grant applicant.

3.10 Acceptance Criteria

To be eligible for funding, applications must conform to the following criteria:

- a) No application will be accepted as eligible unless it demonstrates to the satisfaction of the Ministry that sufficient market commitments have been obtained for the materials to be recovered. In most cases, the Ministry will consider written confirmation from the buyer with respect to quantities, quality, prices and other aspects as may be deemed appropriate as sufficient commitment.
- b) No application will be accepted which does not recycle a minimum of old newspaper plus two other materials, unless the applicant can provide evidence to the satisfaction of the Ministry that this criterion is not feasible.

3.11 Definition of a Recycling Project

For purposes of determining the scope of the recycling project and the 5 year eligibility period, a project service area and start date must be defined by the applicant. Project service areas will normally coincide with municipal boundaries. In the event that an applicant defines the project service area to be less than the entire municipality (i.e. different parts of the same municipality are begun at different dates) then the 5 year eligibility period will be deemed to begin on the start date of the first project service area.

Where more than one municipality is serviced by a common project operator, each municipality will be deemed to be an individual project and costs common to all projects shall be prorated where different projects have different start dates.

Project start dates will normally be the date when actual recycling services are initiated. Expenses necessarily incurred prior to this date for project initiation purposes are eligible as if they were incurred after the project start date.

4 CAPITAL COST GRANT

The Ministry will provide grants to share in the capital costs of plant and equipment reasonably necessary for initiating or expanding recycling projects.

4.1 Funding Formula

Grant for capital costs will be determined on a case-by-case basis. In its review of applications the Ministry will consider the share of costs which the applicant is prepared to contribute and whether any contribution has been provided from other sources.

4.2 Rationale

A large barrier to higher levels of recycling is the need for capital expenditures to initiate projects. The Ministry grant will reduce this initial capital cost to operators and therefore provide a further incentive to recycle.

4.3 Eligible Applicants

Municipalities and non-profit recyclers are the only eligible applicants for capital assistance. **Municipalities must retain ownership of all plant and equipment obtained under this grant.** If the recycling system is to be operated by other than a non-profit recycler, under contract to the municipality, the municipality may apply on behalf of the contractor but must retain ownership of the plant and equipment. Alternatively, contractors may include depreciation as an expense under the operating cost subsidy component when municipalities choose not to take advantage of the capital assistance.

4.4 Eligible Capital Costs

In general, grant funds will be provided to pay for plant and equipment used solely for the recycling project as defined by the application and agreed to by the Ministry. Only reasonable and necessary expenditures for acquiring the plant and equipment and making it ready for use are eligible. Under normal circumstances items of plant and equipment costing less than \$200.00 are eligible as operating costs.

Capital costs, for purposes of determining the Ministry's share, are defined as follows:

- a) The cost of constructing new buildings including materials, labour, engineering, architectural and other professional costs, insurance and building permits.
- b) The purchase cost of existing buildings including legal and real estate fees and repairs, modifications, or additions necessary to make the building ready for use.
- c) The cost of additions, betterments and extraordinary repairs to buildings.
- d) The purchase cost of equipment used for collection, processing or otherwise handling of material recovered in the recycling project.
- e) The purchase cost of office equipment and furniture used solely for the recycling project.

4.5 Ineligible Capital Costs

The following costs will be considered ineligible for purposes of the Ministry's grant and should not be included in the budgeting aspects of recycling project applications:

- a) The purchase cost of land or related expenses such as commissions, legal fees, surveying, servicing, and local improvements.
- b) The cost of land improvements such as parking lots, driveways or roads.
- c) The cost of plant and equipment already owned by the applicant.

4.6 Application Procedures

The feasibility study submitted for operating cost support would include capital requirements. The same process would be followed.

4.7 Acceptance Criteria

Same as operating cost grant.

5 HOUSEHOLD BINS

The Ministry will facilitate the acquisition of household bins of an appropriate design and make them available to municipalities.

5.1 Funding Formula

Grants for household bins will be determined on a case-by-case basis. In its review of applications the Ministry will consider the share of costs which the applicant is prepared to contribute and whether any contribution has been provided from other sources.

For purposes of determining its share, the Ministry will consider the provision of initially one bin per household served. Grants for replacement bins will be provided to a maximum replacement rate of 2 percent per year to a 5 year limit. Municipalities with bin systems existing prior to December, 1985 will be eligible only for the replacement element of the program.

5.2 Rationale

Curbside collection systems which use household bins have demonstrated the potential achievement of an improved participation rate and a higher recovery rate than systems not using bins. Both of these characteristics are important in achieving recycling targets.

By facilitating the acquisition of the bins, the Ministry will obtain cost efficiencies possible through large volume purchasing. The bins will also be of a standard design and this will assist province-wide public awareness and education efforts.

5.3 Eligible Applicants

Municipalities only are eligible to apply. Ownership of the bins is retained by the municipality. Both existing and new projects are eligible.

5.4 Eligible Recycling Systems

Grants for household bins are solely for appropriately designed curbside collection systems where the use of bins is necessary to improve efficiency.

5.5 Application Procedures

The municipality must submit the appropriate application indicating the number of bins required. The Ministry will review the application and provide an appropriate grant commitment to assist in acquiring the bins.

5.6 Acceptance Criteria

To be eligible for funding, recycling projects must be designed in accordance with the following criteria:

- a) The system must include a weekly, multi-material, curbside collection on the same day as regular garbage day.
- b) The municipality must agree to incorporate recycling into its long term waste management system.
- c) Written market commitments for recovered materials must be provided.
- d) Grants will be provided on a priority basis:
 - 1st - currently and previously funded projects;
 - 2nd - existing projects not funded by the Ministry;
 - 3rd - new programs.

6 PROMOTION AND ADVERTISING GRANT

The Ministry will provide grants to support expenses incurred to promote and advertise a local recycling project.

6.1 Funding Formula

The Ministry will provide grants of up to 50% of the total costs to a maximum of \$0.10 per capita per year for up to 5 years.

6.2 Rationale

Public participation must be encouraged by a municipality if it is to be successful in diverting significant amounts of waste through recycling.

6.3 Eligible Applicants

Same as for the Operating Cost Grant.

6.4 Eligible Costs

The grants are provided to pay for promotion and advertising designed to encourage participation in the recycling project as defined by the application and agreed to by the Ministry.

Eligible costs are defined as follows:

- a) design and production costs of advertising;
- b) placement costs of advertising and related agency fees;
- c) distribution costs of advertising;
- d) design and production costs of promotion;
- e) development and implementation costs of an advertising and promotion strategy.

6.5 Application Procedures

The applicant must submit the appropriate application form to the Ministry for review and approval. The Ministry will then provide a grant commitment to assist in the promotion and advertising.

6.7 Acceptance Criteria

Same as Operating Cost Grant.

7 EDUCATION GRANT

The Ministry will provide grants to support educational projects related to raising the awareness and understanding of the 4R's: reduction, reuse, recycling and recovery.

7.1 Funding Formula

Grants of up to \$15,000 will be provided on a case-by-case basis.

7.2 Rationale

Educational approaches to increase awareness of the 4R's are important in accomplishing long term waste management goals. These grants are established to encourage the development of creative and useful materials with educational application on an ongoing basis.

7.3 Eligible Applicants

Eligibility is open to municipalities, industry associations, community or environmental organizations, companies, Boards of Education or individuals.

7.4 Eligible Projects

Any project related to waste management which is intended to have an educational effect on its audience is eligible for consideration. For example, teachers guides, publications, and media campaigns may be eligible projects.

Preference will be given to projects exhibiting originality and potential application on a province-wide basis.

7.5 Eligible Costs

Grants are provided for direct costs incurred for completing the education project. Direct costs are defined as follows:

- a) Wages and salaries paid to employees for work done specifically related to the education project.
- b) Employee benefits paid in accordance with statutory requirements and other benefits normally paid by the applicant.
- c) Cost of materials and supplies consumed or expended.
- d) Cost of purchased services.

7.6 Application Procedures

- a) The applicant submits an application form and project proposal to the Waste Management Branch (WMB).
- b) WMB reviews the application and where appropriate seeks comments from the Ministry's Communications Branch or the Recycling Advisory Committee to ensure quality and conformity to criteria.
- c) WMB prepares an agreement which specifies commitment level, expected results, conditions, etc.
- d) The agreement is executed by the Ministry and the grant applicant.

7.7 Acceptance Criteria

Applications will be evaluated according to the following factors:

- a) the extent to which the project supports the 4R's;
- b) the overall quality of the proposal;
- c) the balance between cost and benefit of the project;
- d) the degree to which the project is well conceived and capable of being implemented;
- e) the level and scope of public exposure;
- f) the experience and ability of the applicant to undertake the project;
- g) the degree of originality;
- h) the potential for application on a province-wide basis.

7.8 Rights to Materials

- a) Programs, materials or other items produced as a result of the project must be made available to the Ministry, on request, for use elsewhere.
- b) The Ministry will retain the right to use and distribute any materials developed without further payment or royalty.
- c) Other distribution rights may be negotiated.

8 DEMONSTRATION GRANT

The Ministry will provide grants for demonstration projects, pilot projects or studies designed to advance the state-of-the-art in recycling or to increase the knowledge base.

8.1 Funding Formula

Up to 100 percent of eligible project costs would be available for approved proposals.

8.2 Rationale

Recycling systems presently in place in Ontario are based on modifications and adaptations of equipment and practices used in the standard waste collection and handling industry. The beneficial impact of relatively simple innovations has been demonstrated already in a few instances. Achieving the maximum potential of recycling as a component of municipal waste management would be aided by developments in several areas:

- a) new and more effective collection, handling and processing systems;
- b) greater understanding of participation and motivating factors for waste generators;
- c) markets for recovered materials;

8.3 Eligible Applicants

Applicants for demonstration and pilot project grants may be individuals, companies, organizations or municipalities.

8.4 Eligible Projects

Projects must satisfy the following criteria:

- a) the project must be of a demonstration or pilot nature, (e.g. short term, small scale);
- b) the objectives of the project must relate specifically to a process, system, study, design, product or undertaking whose purpose is to improve or otherwise beneficially impact on the effective recycling of one or more materials from the municipal waste stream.

8.5 Application Procedure

- a) The applicant submits the appropriate application form and project proposal to the Waste Management Branch (WMB).
- b) WMB reviews application
- c) WMB prepares an agreement which specifies commitment level, expected results, timing, etc.
- d) The agreement is executed by the Ministry and the grant applicant.

8.6 Acceptance Criteria

Applications will be evaluated according to the following criteria:

- a) the extent to which the project will improve existing collection, handling, processing, or marketing of recovered materials;
- b) the extent of the reduction of risk for a large scale project;
- c) whether the project is a demonstration of technology from other jurisdictions in Ontario;
- d) the extent to which the results can be implemented in Ontario.

9 FEASIBILITY STUDY GRANTS

The Ministry encourages applicants themselves to conduct the feasibility studies required for Operating and Capital Cost Grants. In situations where outside consulting services are necessary, the Ministry will provide grants to share in the cost of such services.

9.1 Funding Formula

The Ministry will provide grants of up to 50% of eligible costs of feasibility studies required under the Municipal Recycling Support Program.

9.2 Rationale

Recycling is not necessarily feasible in all circumstances. The success of any recycling project is enhanced by adequately planning every aspect before beginning the project. The level of planning necessary varies according to the scale and complexity of the project although every plan should address similar issues. The Ministry is prepared to fund a share of this essential first step.

9.3 Eligible Applicants

Municipal governments and non-profit recyclers are eligible to apply.

9.4 Eligible Study Costs

Feasibility study grants are provided to pay for consulting services reasonably necessary for the preparation of an application under the program. Eligible costs are defined as follows:

- a) consulting fees for work done specifically related to the study;
- b) travel expenses;
- c) telephone and postage;
- d) supplies and services;
- e) operating expenses incurred by the applicant for conducting pilot projects. Eligible expenses are as defined for Operating Cost Grants.

Expenses incurred prior to the Ministry's receipt and acceptance of an application may not be eligible.

9.5 Application Procedure

- a) The applicant must submit an appropriate application form to the Waste Management Branch (WMB).
- b) WMB reviews the application.
- c) WMB provides an appropriate grant commitment.

9.6 Acceptance Criteria

- a) The feasibility study must include Terms of Reference satisfactory to the Ministry. A suggested format which includes the minimum acceptable terms is available from the Ministry.
- b) Non-municipal applicants must demonstrate that the municipality to be served by the recycling system endorses the feasibility study.
- c) Competitive procedures acceptable to the Ministry must be followed for acquiring consulting services.

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